

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 L-03 DODE-00 PA-01 USIA-06 PRS-01

SP-02 /045 W

----- 119588

R 170845Z FEB 76

FM AMCONSUL MILAN

TO SECSTATE WASHDC 4564

INFO AMEMBASSY ROME

AMCONSUL GENOA UNN

AMCONSUL NAPLES

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ROME PLEASE POUCH ALSO TO GENOA

E.O. 11652: N/A

TAGS: BBAK, ELAB, IT

SUBJECT: PROPOSED INTERNATIONAL PAPER COMPANY PLANT CLOSURE

REF : 75 MILAN 2037

1. RECENTLY ARRIVED MANAGING DIRECTOR OF INTERNATIONAL PAPER COMPANY BARRY BLAKEMAN HAS TOLD US THAT HIS FIRM, KNOWN IN ITALY AS IPCO, PLANS TO CONSOLIDATE TWO OF ITS FIVE ITALIAN PLANTS, THEREBY ELIMINATING ONE. THE TWO PLANTS, BOTH IN PROVINCE OF MILAN, NOW HAVE TOTAL OF 248 EMPLOYEES, WHICH CONSOLIDATION WOULD REDUCE TO 200. OBSOLETE PLANT, AT PIOLTELLO, (123 EMPLOYEES) STARTED IN 1960 WHEN IPCO BEGAN OPERATIONS IN ITALY, IS TO BE CLOSED, SOME WORKERS LAID OFF, AND REST TRANSFERRED TO LARGER, MORE MODERN FACTORY AT BELLUSCO NOW HOUSING 125 EMPLOYEES. PIOLTELLO MACHINERY WOULD BE MOVED TO BELLUSCO, ABOUT EIGHT MILES DISTANT. BLAKEMAN HOPES TO COMPLETE CURRENT NEGOTIATIONS WITH UNIONS FOR THIS CONSOLIDATION BY APRIL 1. IF THAT DEADLINE MET, CONSOLIDATION ITSELF WILL BE COMPLETED

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BY 1976.

IPCO BOUGHT OUT BOWATER PAPER'S ITALIAN OPERATION
IN 1974, ACQUIRING BELLUSCO PLANT ALONG WITH TWO
OTHERS. THIS GAVE FIRM MORE CAPACITY IN PO VALLEY
THAN IT NEEDED, CAUSING COMPANY TO LOSE MONEY.

2. IPCO'S FIVE PLANTS IN ITALY NOW HAVE TOTAL WORKFORCE
OF 1,100. IN ADDITION TO TWO PLANTS NEAR MILAN, THERE
IS ONE NEAR GENOA, ONE NEAR ROME, AND ONE IN CATANIA.

ACCORDING TO BLAKMAN, THE COMPANY WOULD LIKE TO REDUCE
THE TOTAL STAFF BY 130 PEOPLE, SLIGHTLY LESS THAN 13PERCENT.
TO GIVE THE UNIONS (CGIL, CISL, UIL) SOME ROOM IN WHICH
TO MANEUVER FOR FACE-SAVING PURPOSES, THE COMPANY HAS
GIVEN THEM AN INITIAL LAYOFF FIGURE OF 200 (PROTECT
INFORMATION).

3. MILAN PRESS HAS ALREADY GIVEN (LOW KEY) COVERAGE TO
SITUATION. LEFT WING IL GIORNO MENTIONED THAT PIOLTELLO'S
SOCIALIST MAYOR PRESIDED OVER A
COMMUNITY MEETING OF UNION AND MUNICIPAL OFFICIALS TO
RESOLVE PROBLEM.FINA

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PAPER INDUSTRY, UNEMPLOYMENT, INDUSTRIAL PLANTS, CLOSURE OF OFFICES
Control Number: n/a
Copy: SINGLE
Draft Date: 17 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MILAN00360
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760059-0649
From: MILAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760243/aaaablwx.tel
Line Count: 83
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 MILAN 2037
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 30 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 APR 2004 by ElyME>; APPROVED <01 JUL 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PROPOSED INTERNATIONAL PAPER COMPANY PLANT CLOSURE
TAGS: BBAK, ELAB, IT, INTERNATIONAL PAPER COMPANY
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006